

State chooses Blue Cross, Aetna

No insurance rate hike for government workers, retirees

By GARY HABER, The News Journal

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Blue Cross Blue Shield of Delaware and Aetna Inc. have been awarded the health insurance contract for about 110,000 state workers and retirees.

The new contract, which goes into effect July 1, keeps employee and retiree contributions at the same level for the second year in a row, said Jennifer "JJ" Davis, the director of the Office of Management and Budget and a member of the State Employee Benefits Committee, which chose the two insurers after a competitive bidding process.

"While many other groups, private businesses and organizations have had to ask their employees to contribute more each year to pay for their health insurance, I am pleased that the state and the SEBC were able to not raise rates for our state workers," Davis said.

That defies the national trend of employers making workers assume a greater share of health care costs through higher premiums, deductibles and co-payments.

Davis said the state was able to avoid an estimated increase of about \$8 million in health care costs in 2008, up from \$462 million this year. Some of that increase would have been passed on to state employees and retirees, Davis said.

State employees and retirees pay between 6 percent and 10 percent of health care costs, depending on the plan in which they are enrolled, Davis said.

For Wilmington-based Blue Cross Blue Shield, the state's largest health insurer, with 388,000 members, the new pact is business as usual, because it has had a share of the state's insurance business since at least 1970.

Aetna, on the other hand, won the state contract for the first time. The insurer, which has 87,000 members in the state, replaces Coventry Health Care of Delaware, which has shared the business with Blue Cross Blue Shield since 2001, when the contract was last put out for bid. Coventry officials declined to comment Thursday.

Aetna's selection could result in the company increasing its work force here. The insurer already operates a 187-person customer service center in Dover and could add workers depending on how many new state customers it signs up, said Walt Cherniak, an Aetna spokesman.

"We'll be adequately staffed to serve this business," he said.

The new contract runs for two years. It could extend up to five years if the parties agree to each of three one-year renewals.

Plan participants will choose among seven plans, the same number as last year, during the open enrollment period that begins May 1. These include a Blue Cross Blue Shield PPO plan and HMO plans from Blue Cross Blue Shield and Aetna.

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